

RAPID GRIP AND BATTEN, LTD.
TORONTO, OTTAWA, MONTREAL

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Rapid Grip and Batten, Limited, Canada's first and foremost engraving house, evolved from a number of early Canadian platemakers.

Grip came first in 1873, just a few years after confederation. Cartoonist, John W. Bengough, started an illustrated humorous weekly, Grip—the name was inspired by the cynical little raven Grip in Charles Dickens' story, Barnaby Rudge.

When Bengough opened his own engraving plant it was the first in Canada to produce engravings on metal.

The ultimate merging of Grip Limited, Rapid Electrotpe Limited and Batten Limited grew to provide one of the most complete visual communication services in the world.



DIRECTORS

R. A. Batten, Sr.

J. H. Batten

R. A. Batten

W. H. Batten

C. A. Brook

K. E. Hopkins

D. R. Keedwell

D. J. Walker

OFFICERS

J. H. Batten

Chairman of the Board

R. A. Batten,

President

W. H. Batten,

Executive Vice-President

D. R. Keedwell,

Vice-President and Secretary

R. W. Porter,

Comptroller

TRANSFER AGENTS AND REGISTRARS

Montreal Trust Company, Toronto

AUDITORS

Touche Ross & Co.

BANKERS

The Royal Bank of Canada

SOLICITORS

Walker, Rice, Ellis & Pezzack

HEAD OFFICE

224 Richmond Street West, Toronto

Creativity has always been the keynote of the company. In the early days, a few artists were employed to produce original designs and supplement the work of the engraving division's mechanical department. These artists instituted weekend sketching trips in the surrounding countryside and eventually became Canada's famous "Group of Seven" artists.

More than 700 employees in Toronto, Ottawa and Montreal are dedicated today to the aim of providing creative thought and skilled craftsmanship for the communications industry.

Our research and product development department is continually testing and apprais-

ing new technology and experimenting with new ideas, methods and materials to produce the finest printing plates available.

Rapid Grip and Batten Limited is considered the most modern and largest organization of its kind in Canada. Complete plate making plants are located in Toronto, Montreal and Ottawa covering a combined area of approximately 150,000 square feet.

Every type of letterpress and lithographic printing plate is made by RGB. Our wide range of plates includes: black and white and process color photoengraving • plastic plates • wax engravings • box die and rubber plates for Flexographic printing • process color separations and plates for offset printing • mats, stereotypes and electrotypes.

REPORT TO SHAREHOLDERS

On behalf of the Board of Directors, I am pleased to submit the Company's Consolidated Balance Sheet at December 31, 1969, Consolidated Statements of Earnings, Retained Earnings and Working Capital for the year and the Auditors' Report to the Shareholders.

Consolidated sales increased by 21.2% compared with 1968 after including for the first time sales of our motion picture processing laboratory. Although increased sales were not recorded by all phases of our operations, improvement was achieved by the offset divisions and by the motion picture production and processing companies. The improvement in the motion picture operations was most encouraging and I give a great deal of praise to management in these areas whose development of outstanding creative teams and technical achievements have established your Company as leaders in these fields. Sales of photoengravings and duplicate plates were lower or at best showed small improvements.

The increase in earnings from operations followed the sales pattern with a substantial portion of 1969 earnings being derived from motion picture operations. Earnings for the year include profit on the sale of land. This land was purchased in 1967 for a major consolidation and integration programme of our Toronto operations. However with today's high finance and construction costs renovation and reorganization of existing facilities proved to be preferable to the implementation of the larger programme and accordingly is already underway.

Diversification beyond our historic graphic arts products has without doubt enabled the company to improve both sales and earnings and we will continue to consider new opportunities to strengthen our opera-



tions. Television film demands continue to grow and our recent entry into the even larger markets of education, corporate marketing and training films is particularly promising.

Those familiar with our business acknowledge that it is not possible to accurately predict future sales and earnings. While the first quarter of 1970 shows an overall improvement in sales, practically all of our union contracts expired late in 1969 and many remain unsettled. Earnings in 1970 will be subject to settlement of these labour agreements and the successful adjustment by our industry of the delicate balance between prices and costs.

Sincere effort and co-operation of employees is essential in an industry dealing with custom products and the individual service requirements of its clients. Your directors recognize and appreciate these efforts and wish to express their sincere thanks to them. Our employees have made possible another successful year and we look forward to their continued support.

A handwritten signature in dark ink, appearing to read 'Robert A. Butler', with a long, sweeping underline.

President

RAPID GRIP AND BATTEN, LIMITED AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET AT DECEMBER 31, 1969

ASSETS		1969	1968
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CURRENT	Cash and short-term commercial notes	\$ 405,555	\$ 43,711
	Accounts receivable	1,892,389	1,587,596
	Materials, supplies and work in process at the lower of cost and net realizable value	272,578	220,752
	Advances to supplier, less reserve	42,424	73,969
	Prepaid expenses	43,170	36,166
		<hr/>	<hr/>
		2,656,117	1,962,194
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INVESTMENTS—AT COST	Shares in and advances of \$55,000 (1968 \$85,650) to associated companies	123,000	162,651
	Mortgages less current portion	315,000	79,463
	Cash surrender value of life insurance	238,404	220,130
	Other investments	14,116	20,590
		<hr/>	<hr/>
		690,520	482,834
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FIXED	Plants and properties at cost	4,996,306	4,925,422
	Less accumulated depreciation	3,356,931	3,071,134
		<hr/>	<hr/>
		1,639,375	1,854,288
		<hr/>	<hr/>
		\$4,986,013	\$4,299,316
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On behalf of the Board
R. A. BATTEN, Director
D. R. KEEDWELL, Director

	1969	1968	LIABILITIES
Bank indebtedness	\$ —	\$ 114,151	CURRENT
Accounts payable and accrued	828,322	652,560	
Dividends payable	24,457	24,690	
Income taxes payable	232,601	53,998	
Long-term debt, current portion	2,797	108,017	
	<u>1,088,178</u>	<u>953,416</u>	
	55,500	65,700	DEFERRED INCOME TAXES
	—	7,392	LONG-TERM DEBT
Share capital	930,813	945,313	SHAREHOLDERS' EQUITY (NOTE 4)
Retained earnings	2,911,521	2,327,495	
	<u>3,842,334</u>	<u>3,272,808</u>	
	<u>\$4,986,013</u>	<u>\$4,299,316</u>	

CONSOLIDATED STATEMENT OF RETAINED EARNINGS For the year ended December 31, 1969

	1969	1968
Balance, beginning of year		
As previously reported	\$2,327,495	\$2,220,565
Adjustment of prior years' income taxes (Note 2)	—	20,000
As restated	<u>2,327,495</u>	<u>2,240,565</u>
Add		
Earnings for the year	673,573	184,545
Surplus on purchase of preferred shares	2,672	1,505
Excess of book value over cost of assets of subsidiary company acquired	5,999	—
	<u>3,009,741</u>	<u>2,426,615</u>
Deduct		
Dividends on preferred shares	22,320	23,220
Dividends on Class A shares	<u>75,900</u>	<u>75,900</u>
	<u>98,220</u>	<u>99,120</u>
Balance, end of year	\$2,911,521	\$2,327,495

CONSOLIDATED STATEMENT OF EARNINGS For the year ended December 31, 1969

	1969	1968
Earnings from operations before taking into account the following items	\$ 957,292	\$ 549,404
Deduct		
Depreciation	214,262	182,034
Bond interest	3,281	7,875
Other interest	10,473	5,236
	<u>228,017</u>	<u>195,145</u>
	729,274	354,259
Add		
Investment and other income	21,470	26,825
Earnings from operations before income taxes	<u>750,745</u>	<u>381,084</u>
Income taxes	399,724	198,239
Earnings from operations	<u>351,021</u>	<u>182,845</u>
Profit on sale of real estate (Note 2)	283,352	—
Income tax reductions on carry-forward of losses (Note 2)	39,200	1,700
	<u>322,552</u>	<u>1,700</u>
Earnings for the year	\$ 673,573	\$ 184,545

CONSOLIDATED STATEMENT OF WORKING CAPITAL For the year ended December 31, 1969

1969

1968

Source of working capital

Earnings from operations	\$ 351,021	\$ 182,845
Depreciation not involving an outlay of funds	214,262	182,034
Income tax adjustments—net (decrease*)	29,000	22,392*
From operations	<u>594,283</u>	<u>342,487</u>
Proceeds of sale of real estate	601,740	—
Discount on purchase of preferred shares	2,672	1,505
Excess of book value over cost of assets of subsidiary company acquired	5,999	—
	<u>1,204,696</u>	<u>343,992</u>

Application of working capital

Increase in plants and properties	317,738	183,861
Increase in investments	207,686	1,792
Decrease in long-term debt	7,391	115,600
Purchase of preferred shares	14,500	11,500
Dividends	98,220	99,120
	<u>645,535</u>	<u>411,873</u>

Net increase (decrease*) in working capital for the year	559,160	67,881*
Working capital beginning of year	1,008,777	1,076,659

Working capital end of year	\$1,567,938	\$1,008,777
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 1969

1. The financial statements consolidate the accounts of the Company and its subsidiaries Filmpro Limited, Rabko Television Productions Co. Limited, Arco Advertisers Revisions Limited, Fairbairn Studio Limited and as the result of the acquisition of the balance of the shares at the beginning of the year, the accounts of Medallion Film Laboratories Limited.

2. In accordance with recent recommendations of the Accounting and Auditing Research Committee of The Canadian Institute of Chartered Accountants the financial statements reflect the following changes in accounting presentation:—

(a) The gain resulting from the disposal of real estate is shown in the statement of earnings and is included in determining net earnings for the year. Items of this nature were previously credited directly to retained earnings.

(b) Income tax reductions resulting from the carry-forward of losses (previously included with the current income tax provision) are shown separately and applied after determining net earnings from operations for the year.

(c) Income tax adjustments recorded in 1968 resulting from revision of provisions for prior years' (previously included with the current income tax provision) have been eliminated from the income tax provision and recorded in retained earnings as an adjustment to the opening balance.

(d) Earnings per share are calculated on earnings distributed as dividends and the remainder of earnings for the year undistributed are allocated equally to the Class A and common shares to recognize the rights of the Class A and common shareholders to participate on an equal per share basis after dividends distributed. In previous years, earnings per share were presented on the basis of earnings available for the payment of dividends for each class of share after providing for respective dividends distributed.

The figures submitted for comparison have been restated on the same basis.

3. The total amount of sales or gross revenue derived from the operations of the Company required to be disclosed in the financial statements under section 117 of the Canada Corporations Act has been omitted pursuant to an Order of the Chief Justice of Ontario. It is reported that consolidated sales increased 9.9% over the previous year before inclusion of Medallion sales and by 21.2% after including such sales.

4. Comparative earnings per share calculated as outlined in Note 2(d) are:—

	Before Extraordinary Items		After Extraordinary Items	
	1969	1968	1969	1968
Preferred—distributed	<u>\$6.00</u>	<u>\$6.00</u>	<u>\$6.00</u>	<u>\$6.00</u>
Class A —distributed	<u>\$.60</u>	<u>\$.60</u>	<u>\$.60</u>	<u>\$.60</u>
—undistributed	<u>.82</u>	<u>.27</u>	<u>1.88</u>	<u>.28</u>
	<u>\$1.42</u>	<u>\$.87</u>	<u>\$2.48</u>	<u>\$.88</u>
Common—undistributed	<u>\$.82</u>	<u>\$.27</u>	<u>\$1.88</u>	<u>\$.28</u>

5. Share capital

Authorized 10,000 6% cumulative redeemable preferred shares with a par value of \$100 each and callable at \$104	Preferred Shares	Amount
Issued	4,000	\$400,000
Less purchased for cancellation	345	34,500
Outstanding	<u>3,655</u>	<u>365,500</u>
Authorized 200,000 60¢ cumulative participating Class A shares and 200,000 common shares, all without nominal or par value.	Class A Shares	Common Shares
Issued and outstanding	<u>126,500</u>	<u>178,500</u>
		<u>565,313</u>
		<u>\$930,813</u>

Preferred shares have been purchased for cancellation in accordance with the terms of issue and include 145 shares purchased during the year. As the result of such purchases retained earnings in the amount of \$34,500 and equivalent to the par value of the shares cancelled are not available for distribution.

6. An aggregate amount of \$166,954 was paid in 1969 (1968 \$180,720) by the Company for directors' remuneration including amounts paid to directors as officers and employees.

7. The Company has guaranteed loans of associated companies to the extent of \$164,000.

FIVE YEAR FINANCIAL SUMMARY

	1969	1968	1967	1966	1965
CURRENT POSITION					
Current assets	\$2,656,117	\$1,962,194	\$1,937,832	\$2,561,578	\$2,418,426
Current liabilities	\$1,088,178	\$ 953,416	\$ 881,173	\$1,363,297	\$1,465,930
Working capital	\$1,567,938	\$1,008,777	\$1,056,659	\$1,198,281	\$ 952,496
Current ratio	2.4	2.0	2.2	1.9	1.6

PROPERTY, PLANT & EQUIPMENT					
Investment in property, plant equipment and improvements	\$4,996,306	\$4,925,422	\$4,784,337	\$4,413,034	\$4,287,251
Accumulated depreciation	\$3,356,931	\$3,071,134	\$2,931,876	\$2,794,496	\$2,634,293
Provision for depreciation	\$ 214,262	\$ 182,034	\$ 179,318	\$ 199,410	\$ 207,950
Expenditures	\$ 177,923	\$ 188,607	\$ 417,663	\$ 355,417	\$ 325,703

SHAREHOLDERS' EQUITY					
Preferred stock	\$ 365,500	\$ 380,000	\$ 391,500	\$ 400,000	\$ 400,000
Class A and common stock	\$ 565,313	\$ 565,313	\$ 565,313	\$ 541,088	\$ 541,088
Retained earnings	\$2,911,521	\$2,327,495	\$2,220,565	\$1,997,512	\$1,523,631
Class A and common equity	\$3,476,834	\$2,892,808	\$2,785,878	\$2,538,600	\$2,064,719
Per share	\$ 11.39	\$ 9.48	\$ 9.13	\$ 8.60	\$ 6.99

EARNINGS (Note 2)					
Earnings from operations	\$ 351,021	\$ 182,845	\$ 275,088	\$ 267,011	\$ 215,302
Per Class A share —distributed	\$.60	\$.60	\$.60	\$.60	\$.60
—undistributed	\$.82	\$.27	\$.57	\$.56	\$.39
—total	\$ 1.42	\$.87	\$ 1.17	\$ 1.16	\$.99
Per common share—undistributed	\$.82	\$.27	\$.57	\$.56	\$.39
Earnings after extraordinary items	\$ 673,573	\$ 184,545	\$ 322,088	\$ 594,014	\$ 224,679
Per preferred share—available	\$ 184.28	\$ 48.56	\$ 82.27	\$ 148.50	\$ 56.16
—distributed	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00
Per Class A share —distributed	\$.60	\$.60	\$.60	\$.60	\$.60
—undistributed	\$ 1.88	\$.28	\$.72	\$ 1.67	\$.42
—total	\$ 2.48	\$.88	\$ 1.32	\$ 2.27	\$ 1.02
Per common share—undistributed	\$ 1.88	\$.28	\$.72	\$ 1.67	\$.42

AUDITORS' REPORT

The Shareholders,
Rapid Grip and Batten, Limited.

We have examined the consolidated balance sheet of Rapid Grip and Batten, Limited and subsidiary companies as at December 31, 1969 and the consolidated statements of earnings, retained earnings and working capital for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the company and its subsidiaries as at December 31, 1969, the results of their operations and the source and application of their working capital for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

TOUCHE ROSS & CO.
Chartered Accountants.

Toronto, Ontario,
March 26, 1970.

PROGRESS REPORT

Although technology in the form of computerization and electronics is making rapid changes in processes and methods of manufacturing, the Company is pleased to report that we are very cognizant of the changes and well equipped both in facilities and technical expertise to meet these exciting new developments.

In nineteen hundred and sixty nine the Company realized the fulfillment of many objectives concerning new products and services.

The Rapid-Flex Plastic Press Plate is used by an increasing number of clients for reproduction of the finest quality in newspaper color advertisements. Battentec facsimile embossing plates are now used extensively for embossing dimensional and textured surfaces on high quality cartons, annual reports and book covers. The popular TYPEL (laminated, light weight, long-life) printing plate has contributed greatly in acquiring new clients in the corrugated and folding carton business.

In the year under review our Company came of age in the Industrial Parts Division. This division, producing parts for the electronics, aviation and computer industries, is experiencing a dramatically growing volume and it is anticipated that it will contribute to profits in the year ahead.

Late in 1969 the Company launched

another new division oriented to the production of sponsored and educational films. The use of motion picture film by industry in Canada has always lagged behind the other developed countries, however in the last few years we have seen a significant change in the thinking of Canadian industry and we expect this division will complement our other film interests.

The Company's research and development activities continue to broaden and we anticipate a sustained contribution to our overall diversification and product enlargement programme.

The Company is very conscious of the importance in employing well qualified and talented personnel. Nineteen Hundred and Sixty Nine witnessed a re-organization in both sales and management particularly in Toronto Branch. A realignment of some departments and managerial responsibilities resulted in the appointment of young and knowledgeable men to the management team. Under the direction of our sales managers and in order to maintain our reputation in having a youthful, intelligent and highly presentable sales department many new salesmen joined our organization for training and development.

The following pages will give you a glimpse of some of the aspects of our operation.



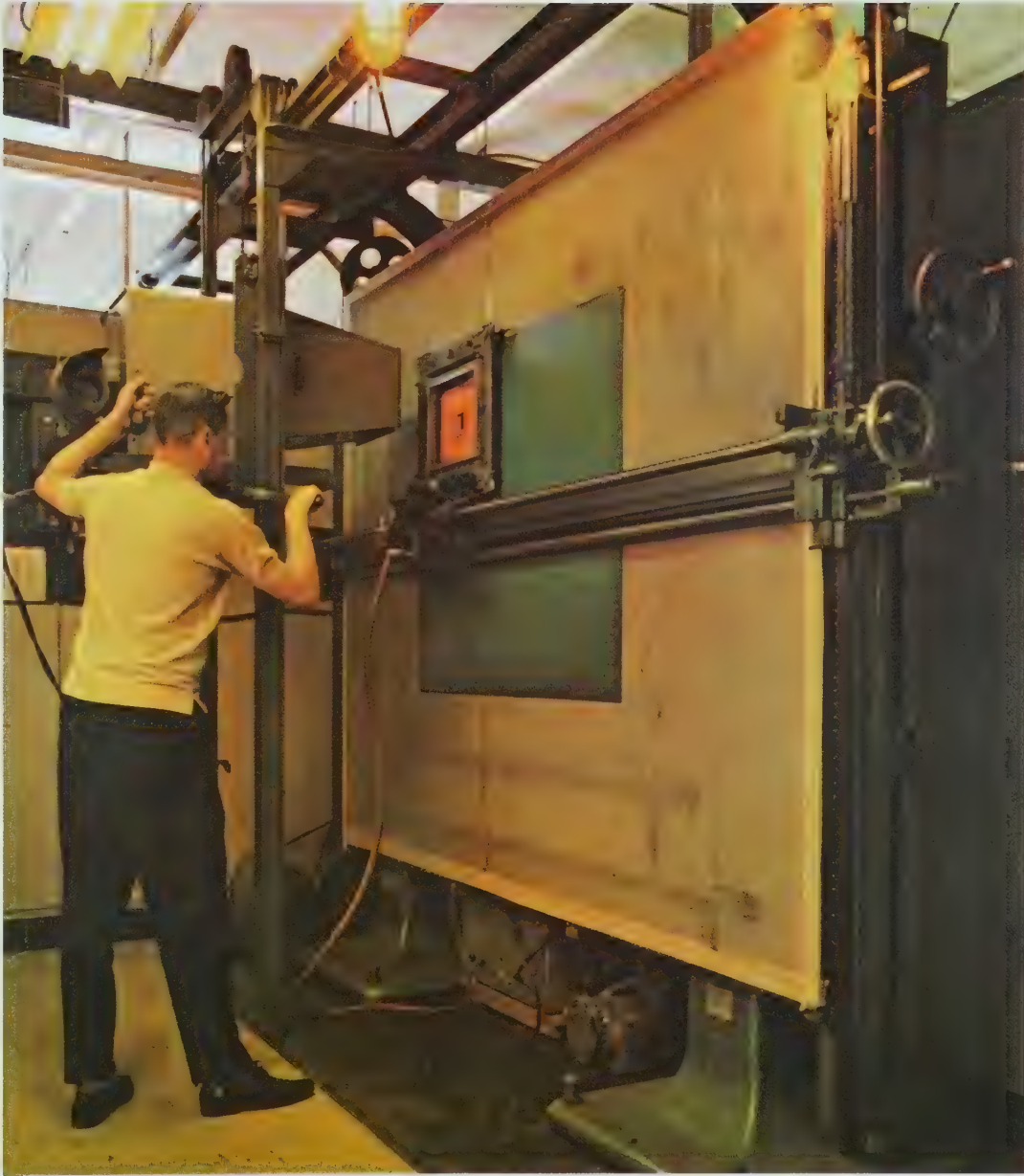
The engraving process requires extreme accuracy and while our engravers have years of experience, they take no chances and rely on sensitive measuring and proofing devices to help them produce perfect plates.

The Spectrophotometer, for example, provides the engraver with an accurate analysis of the required levels of the etching bath. Correct chemical balance is extremely important in the etching procedure.

The Reflection Densitometer is a gauge used for ink control in color proofing. It actually measures the ink density in each color—a very important phase of achieving exact color reproduction.

The high speed Vandercook wet proofing press is a four-color letterpress machine which produces proofs from photoengravings or 11 pt. duplicate plates. Proofs match the specified requirements of the printed publication through the use of the same paper, inks and proper rotation.

The step and repeat machine, a precision controlled device of greatest accuracy, enables the operator to repeat a design many times in an established alignment or series . . . without the slightest variation.



The packaging industry requires printing on varied surfaces, such as cellophane, polyethylene, box wraps, foil, paper cups and corrugated board. For this purpose a natural or synthetic rubber plate is required. Heading our line-up of vulcanizing presses for producing rubber plates is a giant precision 500 ton moulding press.

Through our new chemical milling division we produce, with similar technologies as used in the photoengraving industry, parts for the electronics, aviation and computer industries. Illustrated is an automatic metal coating machine and an optical comparator for inspection of tolerances up to ten thousandths of an inch.



The adventuresome spirit of the "Group of Seven" artists lives on in our creative companies. Our artists and photographers are cognizant of current trends and are constantly experimenting with new techniques. A creative and artistic atmosphere is ever present in our modern motion picture sound stage where educational and TV commercial films are shot with the dedication and imagination of a feature film.

Creating an attractive home or office setting as a background for product advertising is only one of the many requisites of our large staff of skilled designers, artists and photographers who use their imaginative flair and skills to obtain highest quality visual effects.

No other Canadian company offers such a rounded package of technical and production facilities in the field of visual communication. If our little raven Grip was around today, he'd be delighted with the extensive services we provide.



COMPANIES AND PRODUCTS



RAPID GRIP AND BATTEN, LIMITED—The parent company with Head Office in Toronto and complete platemaking plants in Toronto, Ottawa and Montreal.

Herold & Garbe

HEROLD & GARBE, TORONTO—Canada's leading specialists, for over forty years, in the production of offset reproduction and press plates for the lithographic and printing industry.



RABKO TELEVISION PRODUCTIONS CO. LIMITED, TORONTO—A modern film studio fully equipped and designed for the production of television commercials, industrial, sales training and educational films.



MEDALLION FILM LABORATORIES LIMITED, TORONTO—The finest and most dependable laboratory in Canada devoted to the processing and distribution of 16mm and 35mm black and white and color films for TV and the visual communication field.



FAIRBAIRN STUDIO LIMITED, OTTAWA—Operated as an independent studio, this group of talented artists and designers has been established for over 35 years.



ARNOTT ROGERS BATTEN LIMITED, MONTREAL—An associate company. One of Canada's finest and most modern creative studios with a dedicated staff of artists and photographers well known throughout the United States and Europe for the excellence of their award winning work.



ART ASSOCIATES LIMITED, TORONTO—Affiliated with the Toronto branch of Rapid Grip and Batten Limited to supply the highest quality creative art and photography for their many clients.

RAPID GRIP AND BATTEN, LIMITED
Toronto

D. S. GUEST, *Manager*

Ottawa

D. A. WILLIAMS, *Manager*

Montreal

R. L. MUNRO, *Manager*

HEROLD & GARBE

a division of

Rapid Grip and Batten, Limited
Toronto

W. A. HEROLD, *Manager*

RABKO

TELEVISION PRODUCTIONS
CO. LIMITED

Toronto

D. C. McLEAN, *Manager*

MEDALLION

FILM LABORATORIES LIMITED
Toronto

W. C. JAMES, *Manager*

FAIRBAIRN STUDIO LIMITED

Ottawa

D. A. WILLIAMS, *Manager*

ARNOTT ROGERS BATTEN LIMITED

Montreal

G. F. ROGERS, *President*

ART ASSOCIATES LIMITED

Toronto

R. G. SCOTT, *Vice-President*



